

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL****FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

9 8 - 2 9

2. STATE:

New York

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

July 1, 1998

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR Part 44/.250

7. FEDERAL BUDGET IMPACT:

a. FFY 1997-1998 \$ 758,000

b. FFY 1998-1999 \$ 3.03m

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A Part II Pages 1, 2

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19-A Part II Pages 1, 2

10. SUBJECT OF AMENDMENT:

State Operated Psychiatric Facilities

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☒ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Barbara A. Jeduono, M.D., M.P.H.

14. TITLE:

Commissioner

15. DATE SUBMITTED:

September 30, 1998

16. RETURN TO:

New York State Department of Health
Corning Tower
Empire State Plaza
Albany, New York 12237

21. TYPED NAME:

22. REMARKS:

METHODS AND STANDARDS OF SETTING PAYMENT RATES FOR
- INPATIENT SERVICES PROVIDED BY HOSPITALS
OPERATED BY THE NEW YORK STATE OFFICE OF MENTAL HEALTH

In accordance with the Mental Hygiene Law the Office of Mental Health (OMH) establishes Medicaid inpatient rates of reimbursement, subject to the approval of the Director of the State Division of the Budget, for the psychiatric hospitals it operates.

I. GENERAL

A separate rate is established for each of the following categories:

(1) Adult Services

This rate category includes all inpatient units located at OMH Medicare and Medicaid certified Psychiatric Centers with the exception of Forensic Psychiatric Centers and discrete specialized units for children and youth for which separate rate categories are established.

(2) Children's Services

This rate category applies to those separate and distinct Children's Units operated by the OMH. The Children's Units provide psychiatric care and treatment exclusively to children and/or adolescents. These Children's Units are located both within OMH Medicare and Medicaid certified psychiatric centers as well as in separately accredited Children's Psychiatric Centers certified only under the Medicaid Program.

(3) Forensic Psychiatric Centers

This rate category applies to those separate and distinct inpatient facilities that provide services to clients involved with the criminal justice system. These facilities provide a highly secure treatment environment for patients who are too dangerous to be treated in State civil psychiatric centers.

Medicaid inpatient rates for each rate category are established prospectively on a statewide basis by averaging together each of the per diem rate components outlined below for all Medicaid certified facilities.

II. BASE YEAR OPERATING PER DIEM

The operating per diem of the inpatient Medicaid rates is developed by averaging together the following:

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Supersedes TN 97-13 Effective Date 07/01/98

A. For Medicare Certified Psychiatric Centers (including Forensic Psychiatric Centers)

The Medicare (Title XVIII) per diem payment rates resulting from the final settlement of OMH's Medicare cost reports covering the most recent State fiscal year available at the time the annual Medicaid rates are calculated. Medicare final settlements are issued by OMH's Medicare Fiscal Intermediary following their review and audit of the Medicare cost reports submitted by OMH for each of the Medicare participating providers it operates. For purposes of Medicare reimbursement OMH Psychiatric Hospitals are treated as PPS exempt providers with payment rates developed in accordance with 42 CFR section 413.40.

B. For Childrens Psychiatric Centers

Since the Childrens Psychiatric Centers are not Medicare participating providers, the base inpatient per diem for these facilities shall be determined based on their average inpatient cost per day for the base year. The base year to be utilized shall be the same fiscal year as that used for the Medicare participating psychiatric centers as outlined under paragraph II.A. above.

The inpatient cost per day for the Childrens Psychiatric Centers shall be determined in accordance with the cost reporting and costfinding methods developed by the Hospital industry as adopted by the Medicare (Title XVIII) and Medicaid (Title XIX) Programs. In determining those items of cost that shall be determined to be allowable, Medicaid (Title XIX) laws, rules and regulations shall be applied in accordance with paragraph III.A. below.

C. Exclusion of Capital Cost

In developing the statewide average base year operating per diem for each rate category, capital costs shall be eliminated from the amounts included in the per diems described above under paragraphs II.A. and II.B. For purposes of this section capital costs shall be determined in accordance with the Medicare (Title XVIII) principles of reimbursement and accordingly will include depreciation on

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